

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2017

Docket No. ACR2017

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued January 10, 2018)

To clarify the basis of information provided by the Postal Service in its FY 2017 Annual Compliance Report (ACR), filed December 29, 2017,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than January 17, 2018.

Special Services

1. In FY 2017 the Money Orders product had a cost coverage of 97.2 percent. See FY 2017 ACR at 45. This is an improvement from its 91.1 percent FY 2016 cost coverage.² In the preceding four years, from FY 2012 to FY 2015, Money Orders covered at least 150 percent of its costs. *Id.*

In the FY 2016 ACD, the Commission acknowledged that the substantial decrease in cost coverage between FY 2015 and FY 2016 was the result of the Commission's determination that "attributable cost should be calculated using incremental cost rather than volume-variable cost."

- a. The Postal Service states that it reviewed the incremental costs for Money Orders in FY 2016 and "determined that incremental costs have been

¹ United States Postal Service FY 2017 Annual Compliance Report, December 29, 2017 (FY 2017 ACR).

² Docket No. ACD2016, Annual Compliance Determination, March 28, 2017, at 60-61 (FY 2016 ACD).

overstated.” FY 2017 ACR at 45. Please clarify by enumerating the specific findings of the review and provide revised accurate data for the incremental cost of Money Orders in FY 2016.

- b. The Postal Service also states that it “plans to evaluate whether the debit card fees allocation to Money Orders is accurate” *Id.* Please provide a timeline for this evaluation. If one is not available, please state when one will be available.
- c. Please provide the number of In-Office Cost System tallies for the Money Orders product and include the confidence interval for the cost coverage.

Periodicals

- 2. Please refer to Library Reference USPS–FY17–4, December 29, 2017. In Excel file “FY17 Periodicals BDsFinal.xlsx,” FY 2017 Quarter 3 and Quarter 4 have no volume. Please update the file to include volumes for FY 2017 Quarter 3 and Quarter 4.

Financial Reports

- 3. The Postal Service states that “total work hours increased by approximately 6 million, or 0.5%, [from 2016 to 2017].³ Please provide all data (and data sources) showing the workhour measurements by Labor Distribution Code for FY 2016 and FY 2017.
- 4. The Postal Service discusses Total Factor Productivity (TFP).⁴ Pursuant to Commission regulations regarding the Postal Service’s financial reporting obligations, please provide all input and data calculations used to derive the FY 2017 TFP. See 39 C.F.R. § 3050.60(e). Please include all supporting workpapers.

³ United States Postal Service, Annual Report on Form 10-K, November 14, 2017, at 24.

⁴ Library Reference USPS-FY17-17, December 29, 2017, at 26.

Service Performance

5. The Postal Service identified the 10 facilities with the most failures in meeting each national goal during FY 2016, stated the number of times each facility failed to meet the national goal during FY 2016, and provided the corresponding number of times each facility failed to meet the national goal during FY 2015.⁵ The Postal Service identified the 10 facilities with the most failures in meeting each national goal during FY 2017, stated the number of times each facility failed to meet the national goal during FY 2017, and provided the corresponding number of times each facility failed to meet the national goal during FY 2016.⁶ The FY 2016 results appearing in January 10, 2017 NP30 file at 5-7 do not appear to correspond with the FY 2016 results reported for those same facilities appearing in December 28, 2017 NP47 file and December 29, 2017 NP30 file. For example, please *compare* the results provided for first facility listed for the “Cancelled by 2000 goal” in January 10, 2017 NP30 file at 5, *with* the results provided in December 28, 2017 NP47 file, tab “Q1b Recalc,” cell D20, *and* December 29, 2017 NP30 file, tab “Q1,” cell D25. Please file a revised version of the January 10, 2017 NP30 file at 5-7.
6. Please reconcile the discrepancies between the results provided in December 28, 2017 NP47 file, tab “Q1b Recalc,” cell D74 with the December 29, 2017 NP30 file, tab “Q1b,” cell D72.
7. Please refer to Library Reference USPS-FY17-29, December 29, 2017, Excel file “Response2 - ACD.FCM.FY17Q3Q4.pub.xlsx” (December 29, 2017 Public File).

⁵ Docket No. ACR2016, Library Reference USPS-FY16-NP30, January 10, 2017, “USPS-FY16-NP30.Preface.pdf,” at 5-7 (January 10, 2017 NP30 file).

⁶ Docket No. ACR2016, Library Reference USPS-FY16-NP47, December 28, 2017, Excel file “CHIR.33.Q.1.response.NONPUBLIC.xlsx,” (December 28, 2017 NP47 file); Library Reference USPS-FY17-NP30, December 29, 2017, Excel file “Response2 - ACD.FCM.FY17Q3Q4.Q1b.NONPUBLIC.xlsx,” (December 29, 2017 NP30 file).

- a. Please refer to tab “Q1a,” cells M5-Q5. Please explain why each quarterly result reported for the “Cancelled by 2000” national goal exceeds the result reported for FY 2017 to date (33.7 percent).
- b. Please refer to tab “Q4e.”
 - i. Please explain the reason(s) why the number of critically late trips (CLTs) reported for FY 2017 declined from the levels reported for each district in FY 2016 and FY 2015.⁷
 - ii. Please detail any changes to the methodology for defining or measuring CLTs between FY 2015, FY 2016, and FY 2017.
 - iii. Please describe how the Postal Service classifies a CLT as occurring in a particular district or area. In the response, please specify if the geographic distribution is based on the origin processing facility, destination processing facility, or any other information. In the response, please also state if any mailpieces are counted twice (e.g., once according to its origin and once according to its destination).
- c. Please refer to tabs “Q4b,” “Q4b_air,” “Q4b_surface,” “Q4c,” “Q4c_air,” and “Q4c_surface.”
 - i. Please describe how the Postal Service classifies an Automated Area Distribution Center (AADC)/Area Distribution Center (ADC) processing delay as occurring in a particular district or area. In the response, please specify if the geographic distribution is based on the origin processing facility, destination processing facility, or any other information. In the response, please also state if any

⁷ See Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-15 and 7-21 of Chairman’s Information Request No. 1, January 10, 2017, question 13.

mailpieces are counted twice (e.g., once according to its origin and once according to its destination).

- ii. Please describe the processing/sortation action used to measure the AADC/ADC metric.
 - d. Please refer to tab "Q3b." Please describe how the Postal Service classifies an origin processing delay as occurring in a particular district or area. In the response, please specify if the geographic distribution is based on the origin processing facility, destination processing facility, or any other information. In the response, please also state if any mailpieces are counted twice (e.g., once according to its origin and once according to its destination).
8. Please refer to the following: Docket No. ACR2016, Second Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2016 Annual Compliance Determination, June 26, 2017, Excel file "ACD.FCM.FY17Q1Q2.pub.xlsx," tabs "Q4f" and "Q5b"; Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 33, December 28, 2017, Excel file "CHIR.33.Qs.2.3.Data.xlsx," tabs "Q3d" and "Q3e"; and December 29, 2017 Public File, tabs "Q4f" and "Q5b."
- a. Please describe how the Postal Service classifies root cause data from the Transit Time Measurement System (TTMS) as experiencing an origin failure (root cause at origin) versus a destination failure (already missed service standard by Last Processing Operation). In the response, please specify and describe the processing actions used to distinguish between an origin failure versus a destination failure.
 - b. Please describe how the Postal Service classifies origin and destination failures as occurring in a particular district or area. In the response,

please specify if the geographic distribution based on the origin processing facility, destination processing facility, or any other information. In the response, please also state if any mailpieces are counted twice (e.g., once according to its origin and once according to its destination).

- c. Please describe how classifying a mailpiece as experiencing an origin failure using root cause data from TTMS is different from classifying a mailpiece as having experienced an origin processing delay. See e.g., December 29, 2017 Public File, tab “Q3b.” In the response, please specify and describe the processing actions used to distinguish between an origin failure versus an origin processing delay.
9. The Postal Service identifies five actions it is taking to improve service performance for First-Class Mail Outbound Single-Piece International.⁸ Please address the following:
- a. How are “leading indicators, such as volumes after clearance time” being used to improve service performance?
 - b. What does “[d]rive operating plans” mean and how does this improve service performance?
 - c. What “further communication among workforce on International Outbound processing” is being employed to improve service performance?
 - d. What pinch points and delayed cycle times have been identified and what changes have been implemented to improve service performance?
 - e. What does “[e]nsure dispatch discipline, including sweeping all available International mail” mean and how does this improve service performance?

⁸ Library Reference USPS–FY17–29, December 29, 2017, at 9.

10. For *each* End-to-End USPS Marketing Mail product with a 6-10-day service standard, please provide the volume and the percentage based on the total USPS Marketing Mail volume that is End-to-End and has a 6-10-day service standard for FY 2017.⁹
11. Please provide the volume and percentage of Bound Printed Matter Flats that were manually processed in FY 2017.
12. Please identify and describe the key metrics used in the Post Office Box Service performance dashboard.¹⁰

Customer Access

13. Please provide the number of Self Service Kiosks (SSKs)¹¹ in operation as of the end of FY 2017. Please describe any formal plan(s) for the addition of more SSKs during FY 2018.
14. In Docket No. ACR2016, the Postal Service filed a “Retail Revenue by Channel” table in response to a CHIR.¹² Please provide an updated table for FY 2017.
15. Please provide the proportion of collection boxes for which the last mail pickup time is:
 - a. 12:00 a.m. to 11:59 a.m.
 - b. 12:00 p.m. to 2:59 p.m.
 - c. 3:00 p.m. to 4:59 p.m.
 - d. 5:00 p.m. to 6:59 p.m.

⁹ See Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-15 of Chairman’s Information Request No. 13, February 10, 2017, question 2.b.

¹⁰ Library Reference USPS–FY17–29, at 27.

¹¹ SSKs were previously referred to as Automated Postal Centers (APCs).

¹² Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-2, 4-9, 11-13, 15-19, 23, 28, and 31-33 of Chairman’s Information Request No. 3, January 13, 2017, question 5.

- e. 7:00 p.m. to 11:59 p.m.
 - f. For each of a-e, please provide the proportions for Monday-Friday and Saturday-Sunday separately, if applicable.
16. Please provide a table detailing the following information regarding Village Post Offices (VPOs):
- a. The number of VPOs in existence at the beginning of FY 2017
 - b. The number of VPOs opened in FY 2017
 - c. The number of VPOs closed in FY 2017
 - d. The number of VPOs in existence at the end of FY 2017
17. Please provide a table detailing the following information regarding Community Post Offices (CPOs):
- a. The number of CPOs in existence at the beginning of FY 2017
 - b. The number of CPOs opened in FY 2017
 - c. The number of CPOs closed in FY 2017
 - d. The number of CPOs in existence at the end of FY 2017
18. Please provide a table detailing the following information regarding Contract Postal Units (CPUs):
- a. The number of CPUs in existence at the beginning of FY 2017
 - b. The number of CPUs opened in FY 2017
 - c. The number of CPUs closed in FY 2017
 - d. The number of CPUs in existence at the end of FY 2017

19. Please refer to Library Reference USPS-FY17-33, December 29, 2017, Excel file "Post.Office.FY2017.xls," tab "7 Offices added to original 655." Please provide a suspension reason for each office listed.

By the Chairman.

Robert G. Taub